# HFMA Legislative Update

April 16, 2025

Erin Cubit, Iowa Hospital Association

IOWA HOSPITAL ASSOCIATION®

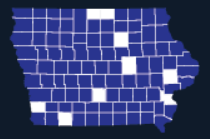
# Hospital Environment

## WHO WE ARE

Iowa's hospitals are essential to the health and economic well-being of the state and the communities they serve.

**72K**
people employed in Iowa hospitals

**$21.3B**
contributed to Iowa's economy; 12% of the state's gross domestic product



**123**
hospitals in 90 counties

Ranked **4th**
by U.S. News and World Report for health care affordability

**$1.2B**
provided in annual community benefits

**$5.6B**
in wages and benefits paid to hospital employees

**1 in 20**
nonfarm-employed Iowans work for hospitals

**138K**
additional jobs supported by Iowa hospitals

# Hospitals are critical in Iowa.

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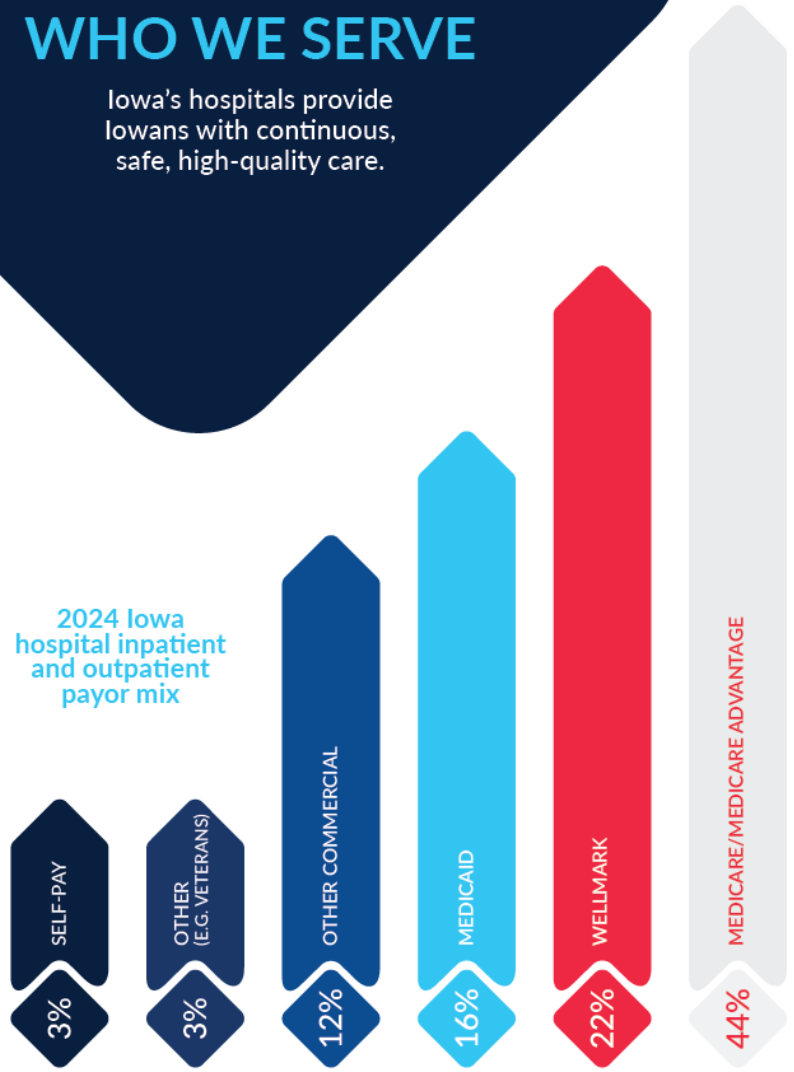
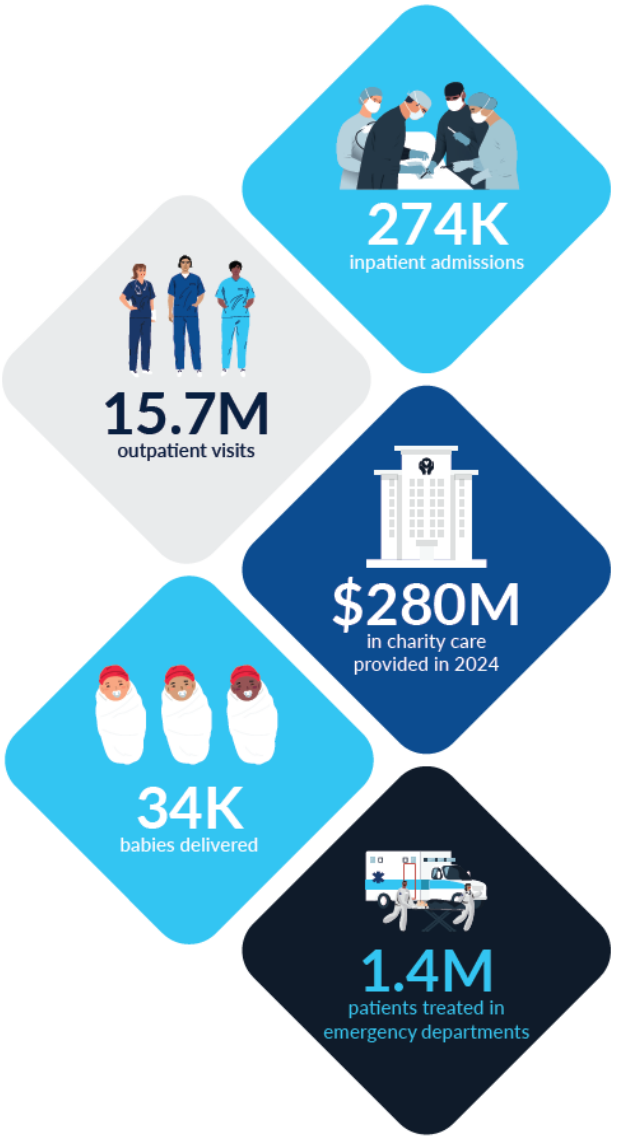
# WHO WE SERVE

Iowa's hospitals provide Iowans with continuous, safe, high-quality care.

## 2024 Iowa hospital inpatient and outpatient payor mix




# Hospitals are critical in Iowa.

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# OUR CHALLENGES: WORKFORCE, MARGINS, INFLATION

Iowa's hospitals continue to face financial and workforce challenges.

**1,600**
Reported incidents of workplace violence from July 2023 to June 2024

*The number of incidents is underreported, according to hospitals.*

**7,000+**
Job openings in Iowa hospitals; 31% are in nursing

Common types of violence in hospitals are:

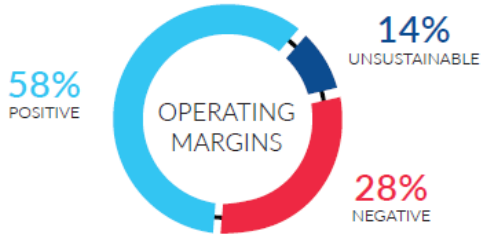
- Verbal intimidation
- Threats of physical violence
- Biting/pinching/scratching
- Kicking/punching
- Sexual harassment
- Hit by thrown objects

Laboratory, radiology and ultrasonography are other critical areas of workforce shortage.

## Increased costs and inflation from 2021 to 2024:

- 13% Supplies increased by **$163 million**
- 17% Payroll and benefits increased by **$800 million**
- 40% Pharmaceuticals increased by **$329 million**
- 117% Contracted labor increased by **$257 million**

Total expenses increased by **$2.3 billion**




From 2023 to 2024, Iowa hospitals' operating margins improved, partly because of the state's investment in the Medicaid managed care hospital directed payment program.

# Hospitals are critical in Iowa.

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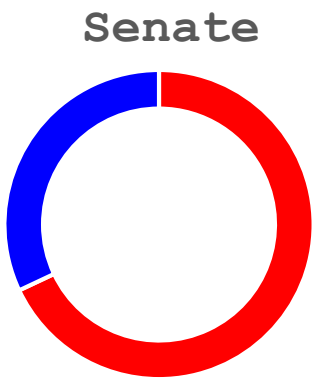
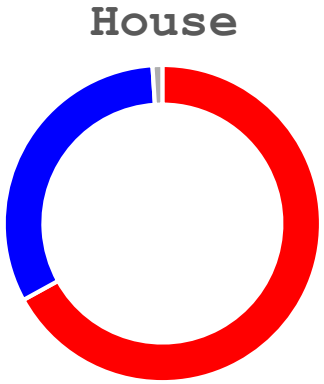
# Political Environment

# Political Environment

## State Legislature

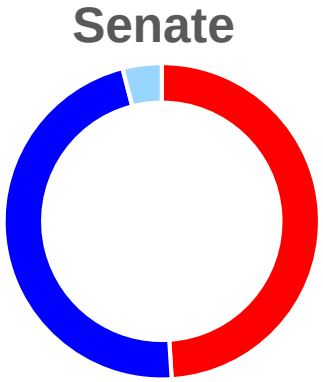



34 Republicans
16 Democrats

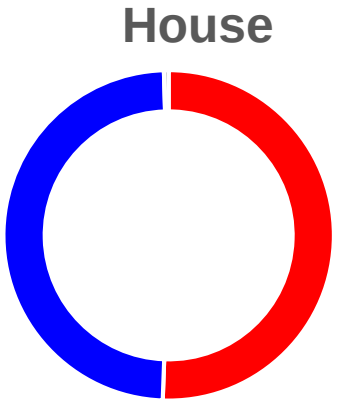



67 Republicans
32 Democrats
1 Vacant

## U.S. Congress




53 Republicans
45 Democrats
2 Independents




220 Republicans
213 Democrats
2 Vacant

# 2025 IHA Policy Priorities

- **Financial Strength & Access to Care**: Advocate for policies and programs that strengthen the financial position of Iowa's hospitals and enhance Iowans' access to care.
- **Healthcare Workforce**: Support policies and programs that strengthen, grow, and protect Iowa's healthcare workforce.
- **Payor Accountability**: Pursue strategies to hold payors accountable for compliance with regulatory requirements and reduce provider administrative burden.
- **Technology, Data & Security**: Monitor policies and proposals impacting hospitals' use of digital health technologies to innovate, provide high quality care, and protect patient privacy.

# Federal Update

# Budget Resolutions and Reconciliation

# Budget Resolution

**Definition**: *A blueprint that outlines desired spending, revenue, debt and deficit levels for the federal government over a specified period (often 10 years).*

**A budget resolution:**

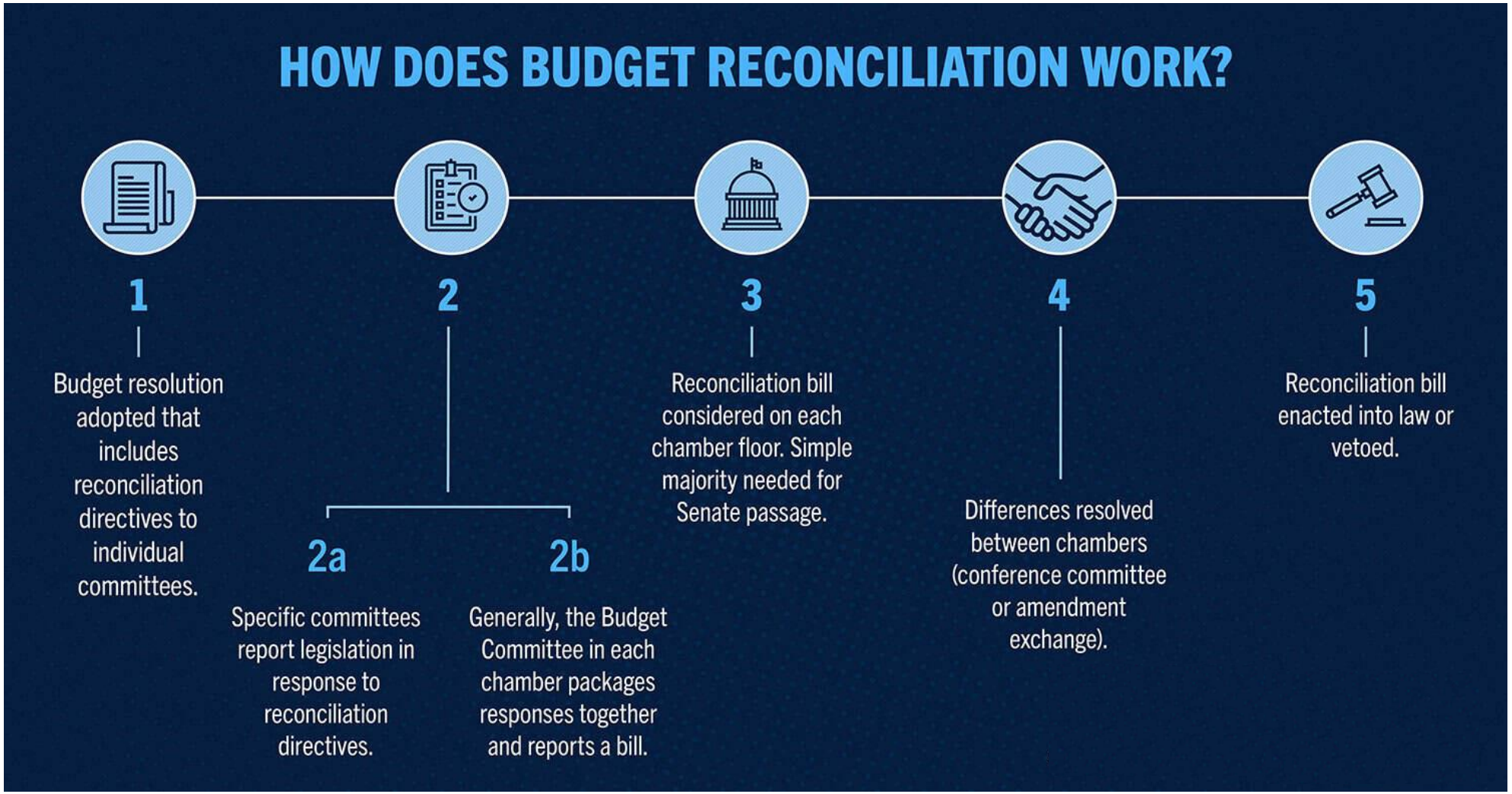
- is NOT a law because it is not signed by the President
- takes effect if identical versions are approved by both chambers of Congress

# Budget Reconciliation

**Definition**: *A legislative procedure that allows for expedited consideration of certain and specified changes in law to align spending, revenue, and the debt limit with agreed-upon budget targets.*

**When considering reconciliation bills, the Senate:**

- Can pass the bill with a simple majority – normally a 60-vote threshold is needed
- Cannot delay or filibuster
- Must follow the Byrd Rule: cannot include matters that are “extraneous to instructions to a committee”


HOW DOES BUDGET RECONCILIATION WORK?
1
Budget resolution adopted that includes reconciliation directives to individual committees.
2
2a
Specific committees report legislation in response to reconciliation directives.
2b
Generally, the Budget Committee in each chamber packages responses together and reports a bill.
3
Reconciliation bill considered on each chamber floor. Simple majority needed for Senate passage.
4
Differences resolved between chambers (conference committee or amendment exchange).
5
Reconciliation bill enacted into law or vetoed.

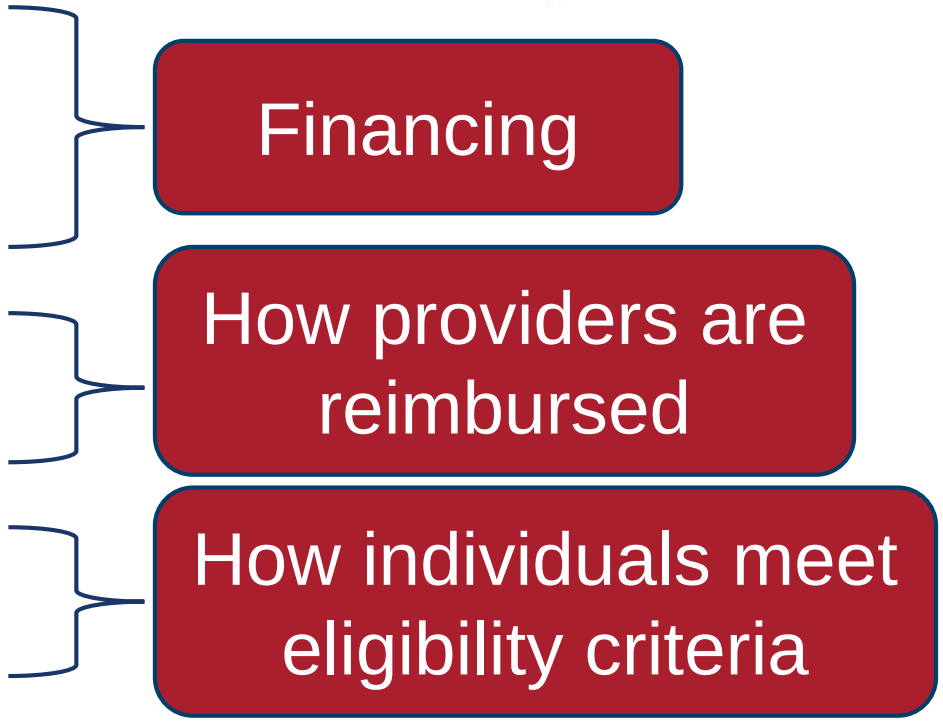
# What's in the Budget Resolution?

## Relevant to Hospitals:

- House Energy & Commerce Committee instructed to cut **$880 Billion/10 years**
  - Has primary jurisdiction over Medicare and Medicaid
- Overall goal is to reach $2 trillion in spending cuts

# Potential Medicaid Provisions

- Per-capita-cap
- FMAP changes
- Limiting use of provider taxes
- State Directed Payments
- Nursing home staffing rule
- Work requirements
- Eligibility and enrollment rules



# Budget Reconciliation: What's Next?

- Committees that have received instructions in the budget resolution will begin drafting their portions of the reconciliation bill

- The budget resolution gives Senate and House committees a **May 9*** deadline to report legislation

**Not a binding deadline*

# Other Issues We're Monitoring

- Enhanced Premium Tax Credits
  - Set to expire this year
  - If they expire:
    - Nearly 20M will experience a tax increase of $700 on average
    - By 2035, 4.4M will become uninsured and hospital revenue will decrease by $28B
- Site-Neutral Payment Cuts
- Changes to 340B
- Telehealth Waivers

# Other Issues We're Monitoring

- Executive Actions
  - Executive orders and memos
    - Health care, tariffs, immigration, etc.
  - Response to Legal Decisions
    - Nursing home staffing mandate for SNF
    - 340B court rulings
- Agency Actions
  - Payment rules
  - Further action on Medicare Advantage Plans

# State Update

# Legislative Session – Status

## Timeline Update

✓First Funnel Deadline – March 7

✓Second Funnel Deadline – April 4

❑Day 110 of session – May 2

## What's Next

- Finish work on policy bills
- Work on budget bills

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# Financial Strength and Access to Care

## HF 972/SF 618 Governor's Rural Health Bill

### Workforce

- Consolidate loan repayment and recruitment programs; increase investment to $10M
- Increase federal Medicaid GME drawdown by $150M; create a projected 115 additional residency slots in Iowa

### Maternal Health

- Unbundle and increase maternal rates; add doulas as covered service
- Seek federal approval for Medicaid flexibility to establish hub-and-spoke model of care delivery

### Certificate of Need

- Eliminate state Health Facilities Council and move responsibilities to professional staff at Iowa HHS

### IA Health Information Network

- Abolish board, establish advisory committee, and issue RFP every 8 years

# Financial Strength and Access to Care

- **HF 887 Birthing Centers** – removes birth centers from requiring a certificate of need prior to beginning operations

- **SSB 1227/HSB 328 Property Taxes and Budgets** – makes changes to local government property taxes, financial authority, and budgets, modifying appropriations, and effective date as well as applicability and retroactive applicability provisions

# Health Care Workforce

**HF 310 Health Care Assaults** – expands the definition of “health care provider” in the assault code.

**SF 397 Protected Worker Assaults** – increases the penalties for assaults against individuals in protected professions.

Both bills are on the Governor’s desk.


**The most common types of violence in hospitals:**

- Verbal intimidation
- Threatened with physical violence
- Biting/pinching/scratching
- Kicking/punching
- Sexual harassment
- Hit by thrown objects

The number of incidents is underreported, according to hospitals.

# Payer Accountability

- **SF 231 and HF 303 Prior Authorizations** – changes timelines for PAs to 48 hours for urgent requests and 10 days for non-urgent requests
  - Requires elimination of PAs for procedures usually approved
  - Requires a pilot PA exemption program by 2026

- **SF 383/HF 852 Pharmacy Benefit Managers** – prohibits PBM discrimination against  pharmacies and pharmacists regarding participation, referral, reimbursement of a covered service.

# Other Legislation

## SF 615 Medicaid Work Requirements

- Requires HHS to request federal approval to include work requirements as a condition of maintaining Medicaid eligibility for the expansion population.
- Requires Iowa HHS to discontinue IHWP or implement an alternative plan if federal law or regs exclude work requirements as a condition of Medicaid eligibility.

# Legislation No Longer Under Consideration

## SF 319 Medical Cash Discounts

- Requires health care providers establish discounted cash prices for services
- Hospitals complying with federal price transparency requirements would satisfy the requirements of the bill

## HF 61 Hospital Price Transparency

- Requires hospitals disclose prices for 75 most common IP and OP services

## HF 590 340B Drugs

- Prohibits manufacturers or distributors from denying, restricting or interfering with the acquisition of a 340B drug by a covered entity

# Questions?

**Erin Cubit**
**cubite@ihaonline.org**
**515-283-9369**